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SUBJECT: MEETING LINO OVIEDO

Classified By: DCM Michael J. Fitzpatrick; reasons 1.4 (b) and (d).

SUMMARY

¶1. (C) In the Embassy's first official meeting with Lino Oviedo since 1999, Pol/Econ Chief informed the coup-plotter turned presidential candidate the United States views Paraguay's April 2008 elections an internal matter, and that the USG will work with anyone who is both elected and governs democratically. Quickly spinning those comments, Oviedo said he "was glad the USG did not care about the past and that it would not take his democratic credentials away again." Despite Pol/Econ Chief's statement that she did not want to rehash the past, Oviedo could not resist making the legal case for his innocence. Oviedo said he wants and needs good relations with the United States. He called Venezuelan President Chavez a "dictator" and compared him to former Paraguayan strongman Stroessner, saying Cuban President Fidel Castro, Chavez and Stroessner all started the same way.

¶2. (C) Oviedo promised his presidential campaign would "make little noise but yield big results." Oviedo predicted that his competition would be Colorado Party candidate Ovelar, Beloved Fatherland Party leader Fadul and former Catholic Bishop Lugo. He also predicted widespread (Colorado-based) electoral fraud. Oviedo expressed concern for Paraguay's democracy, explaining its growth was stunted after Stroessner was overthrown in 1989. Oviedo also highlighted interest in protecting press freedoms, promoting economic development, and fighting counternarcotics and intellectual property violations. Oviedo should not be believed or trusted. He is familiar with our system, priorities, and concerns, and tailored his comments accordingly. Oviedo, the likely dark horse in the April elections, wields significant domestic power, is rumored to have influential friends in Brazil, and has name recognition. In spite of his flawed past, he is attractive to many voters who believe Paraguay needs a strong president. Septels will explore Oviedo's proposals for governing, as well as his past. END SUMMARY.

SETTING THE RULES OF THE GAME

¶3. (C) The Embassy held its first official meeting with Lino Oviedo since 1999 on November 1. Pol/Econ Chief met Oviedo at 7 p.m. at the home of Miguel Otazu, president of the Independent Party, at Oviedo's invitation. The two-hour meeting, which took place just two days after Oviedo's civil and political rights were reinstated, was cordial.

¶4. (C) Pol/Econ Chief informed Oviedo that the United States views Paraguay's April 2008 elections as an internal matter, and that the USG will work with anyone who is elected and governs democratically. She informed Oviedo that Ambassador

Cason would not meet with any presidential candidates until after the December and January 2008 party primaries. Pol/Econ Chief cautioned Oviedo that despite Embassy turnover, the USG has a strong institutional memory regarding Paraguay's history and his role in it. Pol/Econ Chief said she was not there to rehash the past, but to listen to Oviedo's campaign platform and his plans for governing if elected. Pol/Econ Chief also provided Oviedo with written materials on U.S. assistance and Paraguay's Millennium Challenge Account Threshold Program.

15. (C) Quickly spinning Pol/Econ Chief's comments, Oviedo said he "was glad the USG did not care about the past and that it would not take his democratic credentials away again." Oviedo, who sat quietly during Pol/Econ Chief's short monologue, smiled and raised his glass (of water), declaring the day one of the happiest of his life. Oviedo insisted (and repeated several times during the meeting) that he will be honest and transparent with the Embassy. He said he despises "liars and hypocrites" and insisted he would be the only candidate to tell the truth. "Listen to other candidates," he said, "and then listen to me. I'll answer every single one of your questions" (and he did, even returning to some a half hour into the meeting). "But you have to treat me in the same fashion," he said. (COMMENT: Oviedo did an impressive job of attempting to make Pol/Econ Chief feel she owed him something, even pointing out that he had not asked her any questions or for any favors, but clearly implying that he would later. END COMMENT).

OVIEDO'S OBSESSION WITH HIS PAST

16. (C) Despite Pol/Econ Chief's statement that she did not want to rehash the past, Oviedo could not resist making the legal case for his innocence. He repeatedly insisted that he neither planned a coup in 1996 nor assassinated Vice President Argana in 1999, claiming that he was set up and that then-Ambassador Maura Harty (here October 1997-May 1999) was tricked ("enganada") into believing lies about him. Oviedo pointed out that he returned to Paraguay voluntarily to face justice, even giving the Paraguayan authorities his flight information. Instead, he said, he could have secured a seat in the Brazilian Congress. Oviedo emphasized that he did not make any financial deals to secure his freedom from Paraguayan justice. He asserted that he could have paid bribes to get out of jail much sooner, but that instead he waited for a legal decision granting his freedom. Oviedo said several times that he "knows all punishments except death," implying that he had nothing to lose by running for president.

INTERNATIONAL RELATIONS: THE UNITED STATES, NOT VENEZUELA

17. (C) Oviedo said he wants and needs good relations with the United States. He said he always loved the United States but doesn't want to be an American. Being the United States, he said, is a "headache," -- "it's hard to be the Dad because one has to provide for and protect the family." He acknowledged that the world benefits from the United States' protection and economic development. Oviedo described himself as "pragmatic," saying he wants to be friends with the "big guys," not the little ones. He also asserted he has friends at the highest political levels in the United States. "I'll never disrespect you or your country," he said. "Tell the Ambassador I'm committed to democracy and that I respect the United States as a superpower." Then he added, "God is in heaven but works out of Washington" (Dios esta en el cielo pero despacha de Washington).

18. (C) Oviedo then called Venezuelan President Chavez a "dictator," comparing him to former Paraguayan president and dictator Stroessner (who Oviedo had a personal role in overthrowing in 1989). Oviedo asserted that Cuban President

Fidel Castro, Chavez and Stroessner all started the same way.

He said "I'm not interested in buying Bolivian gas from President Morales, and I'm even less interested in buying gas from Chavez' PDVSA."

OVIEDO'S CAMPAIGN

¶9. (C) Oviedo promised his campaign would "make little noise but yield big results." He plans to kick it off November 15, noting that it would not have been appropriate to campaign before having his full political and civil freedoms reinstated. Oviedo said he is translating his plan for governing into English, Guarani, German and Portuguese. (NOTE: Following the meeting, Oviedo sent Pol/Econ Chief his program in English; septel. END NOTE). Oviedo lamented that he "lost ten years of his life" and calculated that he only has ten more years of good physical health left-- five which he plans to spend as president and the rest to enjoy with his family and grandchildren. (COMMENT: Pol/Econ Chief took this as a message that Oviedo does not plan to seek re-election or to remain in power past one term. END COMMENT.) Oviedo assured Pol/Econ Chief that he would not attempt to use the United States' name to win the election, but confidently stated he would win "on my own."

¶10. (C) Oviedo predicted that his competition for the presidency would be Colorado Party candidate Blanca Ovelar, Beloved Fatherland Party leader Pedro Fadul and former Catholic Bishop Fernando Lugo (Liberal candidate), in no particular order. He also predicted widespread electoral fraud. Oviedo recommended that the United States support a strong OAS observer mission-- not just "tourists," but a serious, long-term mission. Oviedo conveyed his lack of faith in Paraguay's electoral system, citing as an example a Stroessner electoral win with 92 percent of the vote. (NOTE: Stroessner overthrew President Federico Chavez via a 1954 coup and was re-elected eight times -- in 1958, 1963, 1968, 1973, 1978, 1983 and 1988. The Colorados have ruled since 1947, the current world record. END NOTE). Oviedo asserted all the presidential candidates would sign an elections agreement permitting observers except the Colorado Party, which has the most to gain from electoral fraud.

DOMESTIC POLITICS

¶11. (C) Oviedo expressed concern for Paraguay's democracy, explaining that its growth was stunted after Stroessner was overthrown in 1989. Paraguay "cleaned house," he said, "but didn't get rid of the bugs," leaving the same corrupt structure in place. He worried that Paraguayans are losing faith in democracy, stating that under Stroessner, "there was no democracy but people ate." "Now," he said, "we have democracy and they're starving." Given that most of Paraguay's population is uneducated, he said they were concluding that democracy does not work.

¶12. (C) Oviedo also highlighted his interest in protecting press freedoms, promoting economic development, and fighting counternarcotics and intellectual property violations. He made brief pitches in support of a free press (contending that a weak media better than none at all), and worried about Paraguayans emigrating abroad, asserting that more than half of Paraguay's population is overseas. Oviedo said Paraguay's past is full of examples of political exile, calling today's emigration "economic exile." On counternarcotics, he briefly commented that Paraguay's marijuana production could turn his country into a "Colombia." On intellectual property issues, he worried about pirated goods, acknowledging how much technology cost the United States in terms of research and development. When the meeting ended, Oviedo thanked Pol/Econ Chief for her patience and offered additional meetings at the Embassy's convenience.

¶13. (C) Oviedo should not be believed or trusted. He is familiar with our system, our priorities in Paraguay, and our concerns in the region, including the growing influence of Venezuela and Iran; he tailored his comments accordingly. While his discourse was intended to sell the Embassy on his "democratic credentials" -- no matter how disingenuous the sales pitch may have been -- his interest in good relations with the United States appeared to be sincere. On several occasions, when the meeting almost ended, Oviedo launched into another item on his mental "to do" list, wanting to make sure he made the most of the meeting. He watched Pol/Econ Chief carefully for reactions during the encounter and was intensely engaged, leaning forward in his chair. From time to time, Oviedo had what can only be described as a crazy glint in his eyes, perhaps indicative of his commitment to himself and his vision for Paraguay. Throughout the meeting, Oviedo was extremely respectful, using the formal "usted" form of address when the informal "tu" or more common "vos" would have been appropriate. As the first step in a long trust-building exercise, Oviedo respected the Embassy's desire to keep the meeting private and did not share its occurrence with the press.

¶14. (C) COMMENT CONTINUED: Oviedo, the dark horse in the April elections, wields name recognition and significant domestic leverage (which he probably relied on to negotiate a political deal for his freedom). He is rumored to have unidentified, influential friends in Brazil. In spite of his flawed past, he is attractive to many voters who believe Paraguay needs a strong president to bring some order to the unsettled political scene, tamp down corruption and improve security. Embassy will continue to explore Oviedo's plans for governing (if he is elected president), as well as his past (septel). END COMMENT.

BIO NOTES

¶15. (C) Oviedo made reference to few personal details during the meeting. However, he mentioned his Argentine wife and their six children (three boys, three girls, the youngest of whom is 14). Oviedo said one of his children studied in the United States and another studied in Germany. He also said he does not drink alcohol or smoke and looked fit and relaxed (if not intensely energetic) at the age of 63. END BIO NOTE.

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